



Health Services
LOS ANGELES COUNTY

May 1, 2007

Los Angeles County
Board of Supervisors

Gloria Molina
First District

Yvonne B. Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

Bruce A. Chernof, MD
Director and Chief Medical Officer

John R. Cochran III
Chief Deputy Director

Robert G. Splawn, MD
Senior Medical Director

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

*To improve health
through leadership,
service and education.*



www.ladhs.org

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF FISCAL YEAR 2005-06 TOBACCO TAX FORMULA
HOSPITAL AGREEMENTS AND DELEGATED AUTHORITY FOR
FUTURE TOBACCO TAX FORMULA HOSPITAL AGREEMENTS
(All Districts) (3 Votes)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Director of Health Services, or his designee, to offer and execute Tobacco Tax Formula Hospital Agreements, substantially similar to Exhibit I, with 69 eligible non-County hospitals identified in Attachment B, retroactive to July 1, 2005 through June 30, 2006, to distribute Tobacco Tax Formula Hospital Funding Allocations in the total amount of \$567,865 for FY 2005-06.
2. Delegate authority to the Director of Health Services, or his designee, to offer and execute Tobacco Tax Formula Hospital Agreements, substantially similar to Exhibit I, with any eligible State-designated non-County hospital in Los Angeles County, effective upon expiration of the existing Agreements through June 30, 2009, with an aggregate maximum obligation not to exceed \$1.5 million per fiscal year, subject to continued funding by the State Department of Health Services (SDHS), subject to review and approval by County Counsel, the Chief Administrative Office and notification of the Board.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTIONS:

The purpose of the recommended actions is to: 1) approve Tobacco Tax Formula Hospital agreements with 69 eligible State-designated non-County hospitals that provide care to those who are unable to pay for health care for FY 2005-06; and 2) delegate authority to the Director of Health Services, or his designee, to offer and execute Tobacco Tax Formula Hospital Agreements for FYs 2006-07, 2007-08, and 2008-09, substantially similar to Exhibit I, with eligible State-designated non-County hospitals.

FISCAL IMPACT/FINANCING:

The total monetary commitment for the hospital Formula Fund agreements for FY 2005-06 is \$567,865. The funding was set aside in FY 2005-06 to pay this expense in FY 2006-07.

Costs for the program are 100% offset by SDHS California Healthcare for Indigents Program (CHIP) funds. Funds allocated to ineligible hospitals (per Welfare and Institutions Code 16946(d)) shall be rolled over into the private sector hospitals-County Discretionary Fund.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

In October, 1989, AB 75 was enacted to implement the distribution of Proposition 99 Tobacco Tax revenues from the collection of increased taxes on tobacco products. AB 75 established CHIP, a program which appropriates and allocates Tobacco Tax funds for hospitals, physicians and other health services for indigent persons. These funds are allocated to counties based primarily on each county's share of the financial burden of providing health services to those who are unable to pay.

The CHIP program was extended several times by legislation. Since 1997, appropriations to the CHIP Program have been made through the SDHS budget process.

The statutes governing CHIP mandate two accounts for allocation to private sector hospitals and physicians: 1) the Hospital Services Account and 2) the Physician Services Account. Each of these accounts is further divided into non-discretionary funds and County discretionary funds. Utilization of the Physician Services Account and the non-discretionary funds from the Hospital Services Account were previously approved by the Board in the prior years.

On August 1, 2006, the Board approved the State Standard Agreement for CHIP Funding for FY 2005-06. Since implementation of CHIP, the Board has approved annual fiscal year agreements to distribute funds to eligible hospitals. The amount available to each eligible hospital is predetermined by SDHS, and the County serves only as the fiscal intermediary. To receive formula funds, hospitals must, at a minimum: 1) agree to provide the mandated data and reporting in a manner and format described by the County; 2) maintain at least the same level of emergency and trauma permits as existed on January 1, 1990; and 3) ensure that the funds are used only for uncompensated care services provided to eligible indigent patients.

The Agreement is retroactive effective July 1, 2005 through June 30, 2006. The FY 2005-06 Formula fund monetary commitment is \$567,865 for the 69 eligible hospitals listed in Attachment B, which is reflected in the respective hospital agreements. Because of failure to comply with State-mandated data reporting requirements in prior contract years and/or failure to maintain designation of emergency room and trauma care permits, not all of the 76 hospitals on the list supplied by the State in Exhibit B are eligible to receive funding. In addition, some hospitals may elect not to receive funds rather than comply with contractual requirements. Funds allocated to such hospitals will revert to the private sector hospitals-County Discretionary Fund which will be distributed in accordance with the discretionary fund formula.

County Counsel has approved Exhibit I as to use and form.

Attachments A and B provide additional information.

CONTRACTING PROCESS:

Non-County hospitals receiving Formula (non-discretionary funds) agreements are selected by SDHS and are required to meet specific data reporting requirements.

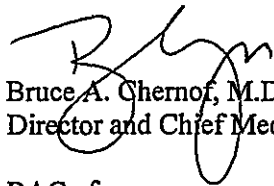
The Honorable Board of Supervisors
May 1, 2007
Page 3

IMPACT ON CURRENT SERVICES:

The recommended actions have no direct impact on County services. The allocation of CHIP funds to non-County hospitals help to ensure the delivery of timely and definitive emergency medical care to patients in Los Angeles County.

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,



Bruce A. Chernof, M.D.
Director and Chief Medical Officer

BAC:af
FY 05_06 Formula Funding.af.wpd

Attachments (2)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

SUMMARY OF AGREEMENT

1. Type of Service:

Healthcare for indigent patients at participating non-County hospitals.

2. Address and Contact Person:

Department of Health Services – Emergency Medical Services (EMS) Agency
5555 Ferguson Drive, Suite 220
Los Angeles, California 90022
Attention: Carol Meyer, Director
Telephone: (323) 890-7545 Fax: (323) 890-8536
Email: cmeyer@ladhs.org

3. Term:

Retroactive effective July 1, 2005 through June 30, 2006.

4. Financial Information:

The maximum obligation for the agreements with the eligible non-County hospitals identified in Attachment B will not exceed \$567,865. This is 100% funded by the State Department of Health Services for the period retroactive to July 1, 2005 through June 30, 2006.

5. Primary Geographic Area to be Served:

Countywide.

6. Accountable for Program Monitoring:

The County's local EMS Agency,

7. Approvals:

Emergency Medical Services Agency: Carol Meyer, Director

Contracts and Grants Division: Cara O'Neill, Chief

County Counsel: Edward A. Morrissey, Sr. Deputy County Counsel

CAO Budget Unit: Latisha Thompson

**TOBACCO TAX HOSPITAL AGREEMENT
NON-COUNTY HOSPITAL ALLOCATIONS FOR FISCAL YEAR 2005-06**

<u>HOSPITAL NAME</u>	<u>NON-COUNTY ALLOCATION</u>
1. Alhambra Hospital	\$ 213
2. Antelope Valley Hospital Medical Center	3,911
3. Barlow Hospital	716
4. Bellflower Medical Center	380
5. Beverly Hospital	14,299
6. Brotman Medical Center	5,406
7. California Hospital Medical Center	29,481
8. Casa Colina Hospital for Rehabilitative	154
9. Catalina Island Medical Center	867
10. Cedars-Sinai Medical Center	46,938
11. Centinela Freeman Regional Medical Center-Centinela Campus	7,561
12. Century City Hospital*	603
13. Childrens Hospital of Los Angeles	3,046
14. Citrus Valley Medical Center - QV Campus	15,422
15. City of Hope National Medical Center	4,140
16. Community & Mission Hospital-Huntington Park	5,116
17. Community Hospital of Long Beach	17,921
18. Centinela Regional Medical Center-Marina Campus	6,719
19. Daniel Freeman Memorial Hospital*	9,927
20. Downey Community Hospital	756
21. E & L Miller Childrens Hospital	3,380
22. East Valley Hospital Med Center	438
23. ELASTAR Community Hospital*	822
24. Encino Tarzana Regional Medical Center-Encino	867
25. Encino Tarzana Regional Medical Center - Tarzana	3,976
26. Foothill Presbyterian Hospital	1,720
27. Garfield Medical Center	2,659
28. Glendale Adventist Medical Center	4,350
29. Glendale Memorial Hospital & Health Center	5,874
30. Good Samaritan Hospital - LA	11,711
31. Greater El Monte Community Hospital	5,071
32. Hollywood Presbyterian Medical Center	23,018
33. Henry Mayo Newhall Memorial Hospital	10,067
34. Huntington Memorial Hospital	12,490
35. Lakewood Regional Medical Center - South	4,261
36. Lancaster Community Hospital	874
37. Little Co of Mary-San Pedro Hospital	4,214
38. Little Company of Mary Hospital	8,707

<u>HOSPITAL NAME</u>	<u>NON-COUNTY ALLOCATION</u>
39. Long Beach Memorial Medical Center	24,310
40. Los Angeles Community Hospital	10
41. Los Angeles Metropolitan Medical Center	1,368
42. Methodist Hospital of Southern California	8,146
43. Mission Community Hospital - Panorama	6,418
44. Monterey Park Hospital	1,107
45. Motion Picture & Television Hospital	3,313
46. Northridge Hospital Medical Center	13,705
47. Northridge Hospital Medical Center-Sherman*	9,326
48. Olympia Medical Center (previously Midway Hospital)	3,920
49. Orthopaedic Hospital*	6,254
50. Pacific Alliance Medical Center	226
51. Pacific Hospital of Long Beach	273
52. Pacifica Hospital of the Valley	250
53. Pomona Valley Hospital Medical Center	44,644
54. Presbyterian Intercommunity Hospital	8,591
55. Providence Holy Cross Medical Center	23,945
56. Providence Saint Joseph Medical Center	5,202
57. Robert F. Kennedy Medical Center*	4,201
58. San Dimas Community Hospital	812
59. San Gabriel Valley Medical Center	4,516
60. Santa Monica - UCLA Medical Center	4,120
61. Sherman Oaks Hospital & Health Center	11,294
62. St. Francis Medical Center	48,062
63. St. Johns Hospital and Health Center	97
64. St. Mary Medical Center	8,385
65. St. Vincent Medical Center	583
66. Suburban Medical Center*	2,486
67. Temple Community Hospital	13
68. Torrance Memorial Medical Center	4,800
69. Tri-city Regional Medical Center	1,936
70. UCLA Medical Center	16,784
71. USC Kenneth Norris Jr. Cancer Hospital	3,199
72. USC University Hospital	154
73. Valley Presbyterian Hospital	2,600
74. West Hills Hospital & Medical Center	1,682
75. White Memorial Medical Center	11,007
76. Whittier Hospital Medical Center	<u>2,051</u>
TOTAL	\$567,865

*Not eligible per Welfare and Institutions Code 16946(d)

FACT SHEET

**RE: APPROVAL OF FISCAL YEAR 2005-06 TOBACCO TAX FORMULA HOSPITAL AGREEMENTS
AND DELEGATED AUTHORITY FOR FUTURE TOBACCO TAX FORMULA HOSPITAL
AGREEMENTS**

All Districts

DHS CONTACT PERSON:

Carol Meyer, Director
Emergency Medical Services Agency
Telephone: (323) 890-7545
cmeyer@ladhs.org

SUBJECT:

Approval of Tobacco Tax Formula Hospital Agreement for FY 2005-06 to be offered to the 69 eligible non-County hospitals listed on Attachment B; and delegated authority for the Director, or his designee, to offer and execute Tobacco Tax Formula Hospital Agreements for FYs 2006-07, 2007-08, and 2008-09 with eligible non-County hospitals.

REQUESTED ACTION:

The purpose of the recommended actions is to: 1) approve and instruct the Director, or his designee, to offer and execute Tobacco Tax Formula Hospital agreements with 69 eligible State-designated non-County hospitals that provide care to those who are unable to pay for health care for FY 2005-06; and 2) delegate authority to the Director, or his designee, to offer and execute Tobacco Tax Formula Hospital Agreements for FYs 2006-07, 2007-08, and 2008-09, substantially similar to Exhibit I, with eligible State-designated non-County hospitals.

PROGRAM:

In October, 1989, AB 75 was enacted to implement the distribution of Proposition 99 Tobacco Tax revenues from the collection of increased taxes on tobacco products. AB 75 established the California Healthcare for Indigents Program (CHIP), a program which appropriates and allocates Tobacco Tax funds for hospitals, physicians and other health services for indigent persons. These funds are allocated to counties based primarily on each county's share of the financial burden of providing health services to those who are unable to pay.

The CHIP program was extended several times by legislation. Since 1997, appropriations have been made through the State Department of Health Services (SDHS) budget process.

The statutes governing CHIP mandate two accounts for allocation to private sector hospitals and physicians: 1) the Hospital Services Account and 2) the Physician Services Account. Each of these accounts is further divided into non-discretionary funds and County discretionary funds.

Since implementation of CHIP, the Board has approved annual fiscal year agreements to distribute funds to eligible hospitals. On August 1, 2006, the Board approved the State Standard Agreement for CHIP Funding for FY 2005-06. The amount available to each eligible hospital is predetermined by SDHS, and the County serves only as the fiscal intermediary. To receive formula funds, hospitals must, at a minimum: 1) agree to provide the mandated data and reporting in a manner and format described by the County; 2) maintain at least the same level of emergency

FACT SHEET (cont'd)

and trauma permits as existed on January 1, 1990; and 3) ensure that the funds are used only for uncompensated care services provided to eligible indigent patients.

The Agreement is effective retroactive to July 1, 2005 through June 30, 2006. The FY 2005-06 Formula Fund monetary commitment is \$567,865 for the hospitals listed in Attachment B, which is reflected in the respective hospital agreements. Because of failure to comply with State-mandated data reporting requirements in prior contract years and/or failure to maintain designation of emergency room and trauma care permits, not all hospitals are eligible to receive funding. In addition, some hospitals may elect not to receive funds rather than comply with contractual requirements. Funds allocated to such hospitals will revert to the hospital Discretionary Fund which will be distributed in accordance with the discretionary fund formula.

CONTRACT AMOUNT:

The maximum obligation for the Agreements with eligible non-County hospitals, identified in Attachment B, will not exceed \$567,865. This is 100% funded by SDHS CHIP funds. Funding for the CHIP program is for the period of July 1, 2005 through June 30, 2006.

TERMINATION PROVISIONS:

60 calendar days advance written notice.

TERM OF CONTRACT:

Effective retroactive to July 1, 2005 through June 30, 2006.

AUTOMATIC RENEWAL:

No.

FIRST BOARD APPROVED CONTRACT:

Approved by the Board on May 1, 1990 for FY 1989-90.

RETROACTIVITY:

Retroactive to July 1, 2005. The Department received the State's official designated hospital allocation for FY 2005-06 in January 2007.

REQUEST FOR PROPOSALS (RFP) PROCESS:

Not applicable.

SOLE SOURCE JUSTIFICATION:

Not applicable.

LOS ANGELES COUNTY ONLINE WEB SITE:

Not applicable.